Audit's® MARKET ANALYSIS OF SECURITIES OF REITS AND REAL ESTATE COMPANIES

Realty Stock Review

May 11, 1984 (Priced May 8) VOL. XV, NO.9

MARKET STRATEGY: ASSET BASED AND SMALL GROWTH STOCKS LEADING REALTY STOCK GAIN

The growing divergence among realty stock groups that we noted last issue is becoming even more pronounced. We urge you to study the Group Action Summary on Page 8 because it's the foundation of any investment strategy at this important market juncture.

Rising interest rates are still capturing headlines with Economist Henry Kaufman setting off selling waves with predictions of sharply higher rates ahead. No doubt rates have moved ominously higher and long-term Treasuries are today about 0.75% higher than at end of the first quarter. Everyone fears the Federal Reserve yet there's open dispute with the Fed's vice-chairman openly advocating easier money and President Reagan joining the cry.

For reasons advanced April 13, we smell lower rates ahead, not higher. The market just isn't acting like we're heading for a credit panic. Consider:

--Four of our 10 realty stock groups are in plus territory (see our detailed group analysis, April 27).

--New highs among realty stocks have risen the past month while new lows are declining, a sure sign that market averages aren't telling the whole story (see New High and Low list, p. 7).

Even the groups hardest hit by market uncertainty seems to have an ample supply of stocks where earnings growth continues and looks promising with little regard for a credit crunch. Grubb & Ellis, an emerging national realty service company, keeps growing against strong competitors; see Page 4.

Meantime a number of companies are going about business as usual. One notable example is DMG, Inc., which has been jilted at the altar twice in recent months. Last week DMG gave up its bid to buy Aegis Corp. and decided instead to acquire Mohawk Rubber Co. and Master Shield Inc., two companies which are units of Equity Group Holdings, a Washington, D.C. partnership which owns 29% of DMG. The two will be acquired for cash, notes and stock that would give Equity Group 39% ownership. The two have $278 mil. sales in 1983; if completed, the deal could give DMG profits to offset its large taxlosses.

Another consolidation is announced: Maxxus Corp. (formerly Maryland Realty) has agreed to be acquired by Simplicity Pattern for either one-half Simplicity share or $5.70 cash.

CAUTION: Southwest Realty, advised last issue, cautions that investors shouldn't easily annualize dividend and tax benefits but instead must make their own calculations based on purchase date.

DEPARTMENTS INSIDE

STOCK REVIEWS THIS ISSUE

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PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTIONS $244 ANNUALLY/GROUP RATES ON REQUEST

RANKING REVIEWS: THREE REITS WITH RACING INTERESTS IN CALIFORNIA LOOK PROMISING

We've reviewed three REITs with racetrack holdings and raise one while holding two in rank. Rankings normally are reviewed yearly when five-year trends are clear; see p. 8 for criteria.

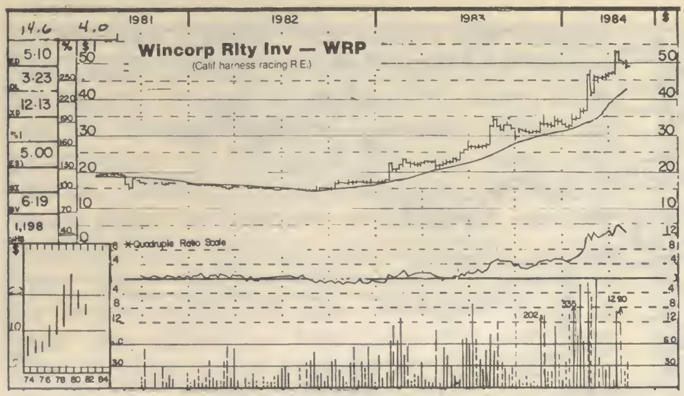
Hollywood Park Companies rises to A Rank on strength of EPS and dividend gains. HTRFZ is a paired security, following April '82 restructuring, combining a REIT owning Hollywood Park in Inglewood, Cal. and an operating company which operates race meets under lease. The combined companies earned $1.97 sh. in 1983 and paid $1.60, up 12% and 28% respectively. EPS has grown at a 33.5% annual rate over the past five years and payout at a 30% rate.

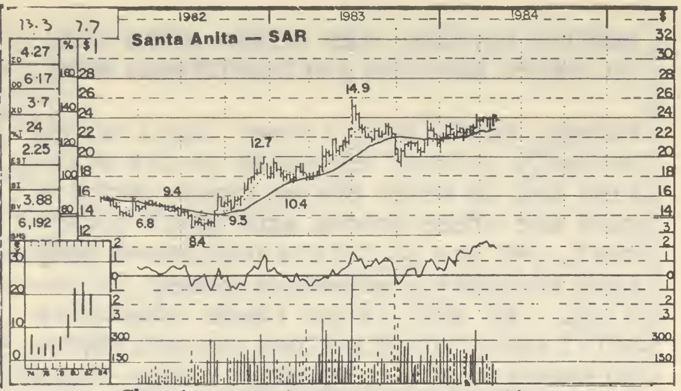
Assets: HTRFZ has expanded its racing operations aggressively, and in late 1983 acquired Western Harness Racing, Inc., the harness racing operator at Hollywood Park, from Wincorp Realty. And in Dec. 1983 it agreed to pay approx. $27 mil. for Los Alamitos Race Course, a harness track in Orange County south of Los Angeles, and about 100 adjoining acres containing a golf course and the Vessels Breeding Farm; closing is expected this month. (Santa Anita is suing to block the sale saying it would give HTRFZ a racing monopoly in southern Calif.) HTRFZ is also beginning a $100 mil. multi-year expansion of Hollywood Park in Inglewood with Phase I expanding grandstands to about 13,000 seats (about one-third glass-enclosed and air conditioned), and lengthening the track to California's only 1.125-mile course. The $30.7 mil. Phase I will be completed by Nov. 10, 1984, when HTRFZ has been chosen to host the inaugural Breeder's Cup Championship Day, billed as the Super Bowl of racing. A seven-race program is planned for over $10 mil. in purses (five for $ mil. each, one each for $2 mil. and $3 mil., vs. about $750,000 for last week's Kentucky Derby). NBC TV will devote four hours telecasting to the event.

Operations: Hollywood Park's 1983 summer thoroughbred season had 1% gain in average daily handle on a 6% avg. daily attendance gain; the fall season handle rose 3% on a 9% attendance gain. The state permitted five fewer net racing dates in 1983. Rents paid by the operating company to REIT rose 61%. For 1984, HTRFZ will have full control of summer harness racing at Hollywood plus Los Alamitos, assuming the purchase closes. Finances: Realty assumed liability for $30.3 mil. taxfree municipal revenue bonds at 6.4% to 9% to fund Hollywood Park expansion. Realty is also negotiating a $70 mil. two-year bank credit to complete the Los Alamitos purchase and begin development plans for the adjoining 100 acres there. At year-end debt totaled $35.9 mil., including the revenue bonds, or 1.25 times equity. Book value is a skinny $7.00/sh. net of $5.65/sh. depreciation on the original track; we believe land beneath Hollywood Park has appreciated substantially. Interest may limit 1984 EPS gains from the acquired operations. While shs. (25.50 bid, OTC) seem high on asset value and yield only 6%, we are listing as long-term buys.

Wincorp Realty Investments Inc. was until Dec. a paired REIT combining a racetrack operator and real estate owner. In Dec. 1983 Western Harness Racing was sold to Hollywood Park (see above) and pairing ceased. We are continuing the B Ranking, although this has less meaning as WRP has retained investment bankers to seek sale offers for its assets. WRP shares have run up over $50 on expectations of a buyout, although no specific purchase contracts have been announced. The sellout move comes after investors headed by Robert Goodman, Los Angeles, bought a 17.9% stake and Goodman joined the board. Focus now swings to value of WRP's assets.

Assets: WRP owns and is developing the 125-acre Puente Hills East commercial, retail and recreational project in Industry, Cal., about 30 miles east of downtown Los Angeles and adjoining the 1.2 mil. sq. ft. Puente Hills Mall in which WRP has a 37.5% interest (Ernest W. Hahn is the partner). WRP develops Puente Hills East via long-term ground leases and about 82% of developable land has been leased; WRP's capitalized cost is about $49,000/acre. During 1983 WRP terminated Montgomery Ward's lease on 11





Charts courtesy R.W. Mansfield Co.

acres for failure to begin construction and leased the land plus four acres to Mervyn's, a Western retailer, and Dayton Hudson's Target division; the two plan a prototype 175,000 sq. ft. side-by-side Mervyn's & Target retail complex. WRP built and leased 40,000 new retail sq. ft. in 1983 and have 36,000 sq. ft. under construction. Overall Puente Hills East rents rose 12% in 1983. Rental income from Puente Hills Mall rose 21% in 1983, reflecting strong retail growth. WRP also owns 50% of 620-DU Pheasant Ridge aparments near Puente Hills Mall and owns 18 acres in Sacramento being developed as a community shopping center. WRP earned $3.41/sh. in 1983 including $1.99 from Western Harness. While California land values have exploded, we urge only arbitrage or trading positions on WRP at current prices of $48.50 (ASE).

Santa Anita Companies holds A Rank with an EPS and dividend gain plus conservative finances. Like Hollywood Park, SAR combines racetrack and realty ownership with an operating and property development company. Combined EPS of $1.80/sh. in 1983 was up 7%, and the dividend rose a modest 2% to $1.72. March qtr. EPS rose 13.6% to $1.17 on high rents from the Los Angeles Turf Club, operator of Santa Anita Racetrack, and sharp turnaround in development.

Assets: Realty Enterprises, the REIT half, owns 323-acre Santa Anita Racetrack; a 50% interest in the adjoining 1 mil. sq. ft. Santa Anita Fashion Park; 50% of a planned 800,000 sq. ft. industrial park in Baldwin Park, Cal.; and 11 commercial properties with 357,000 sq. ft. The Operating Company has interests in 19 smaller commercial properties totaling 394,000 net sq. ft.; most are built for sale to investor groups. Current plans call for adding a fifth anchor department store to Fashion Park of approx. 175,000 sq. ft. and up to 75,000 additional mall space in 1986. At Baldwin Park industrial park, about 71% of space in the 132,000 sq. ft. first phase was leased and an additional 150,000 sq. ft. is to begin construction in June. An 85,000 sq. ft. medical building at Santa Anita is set for June construction.

Current Value: Landauer Assoc. estimates SAR properties are worth about $19.75/sh. (or $124.7 mil.) over net book value, reflecting mainly appreciation of the racetrack property.

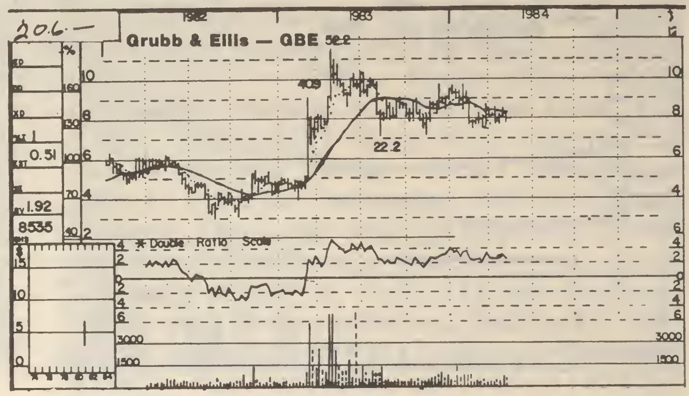
Operations: Rentals from the racetrack rose 8% in 1983 on higher handle and more racing dates. Rent from Fashion Park was off slightly as expense increases outpaced rents. Three land parcels were sold for 15¢ sh. gain. Property development inside the operating company turned upward strongly in the first quarter. A big play in SAR is its 25% interest in a Minnesota investor group that has been awarded a license to own and operate a racetrack in Shakopee, Minn., near Minneapolis-St. Paul. Los Angeles Turf Club will have a 15 year management contract. SAR will invest $5 mil. toward a $21 mil. equity and total $67 mil. cost of the new track. Minnesota opened the state to pari-mutuel wagering a year ago and only one track is approved for the Minneapolis-St. Paul area. While benefits here are longer term, we see SAR ($23.25, NYSE) as a more conservative holding with growth potential in the Minnesota expansion.

RANKING REVIEWS: FOUR FORMER REITS GROW IN REALTY SERVICES AND DEVELOPMENT WORK

Former REITs who've been acquired by formerly private companies or are striking out on their own as realty developers are often stocks with great potential, yet are so little understood they have difficulty winning a market following. By and large these companies still have unused taxloss carryforwards, so stand to pay no taxes for many years (under accounting rules they generally accrue a tax provision, then offset it with the taxloss benefit as an extraordinary item). And often they must still prove their viability to investors because there's no prior history in their present business lines. We've reviewed four such companies and are raising one in Rank while holding three unchanged:

Grubb & Ellis Co. rises to B Rank with a 56% EPS gain and continued good liquidity. GBE, now the fourth largest U.S. real estate service company, acquired the former GMR Properties in 1981 and has been liquidating GMR's assets while expanding brokerage and management services nationwide from its San Francisco base. GBE earned 50¢ sh. in 1983, up 56% on a higher number of shares out after a June '83 sale of 1.32 mil. new shares. Mar. qtr. EPS rose 117% to 13¢ as newly acquired businesses began contributing.

Operations: GBE is growing rapidly internally (at about 20% annually historically) while at the same time taking advantage of consolidation of a very fragmented industry. GBE sales of $92.6 mil. last year place it fourth behind Coldwell Banker (a Sears Roebuck subsidiary with $704 mil. sales); Merrill Lynch Realty (sub of the financial services giant with $256 mil. revenue); and Cushman & Wakefield, part of privately held Rockefeller Group, with $105 mil. sales. Next largest is privately held Henry S. Miller Co. of Dallas with $63 mil. sales; together the top five account for about 4.9% of an estimated $25 bil. industry. The two giants are heavily oriented (about 50% and 70% respectively) toward residential brokerage while GBE derives only about 13% of revenues from this segment. GBE



strategy is to expand its brokerage, leasing, property management, and appraisal services in retail, industrial, office, and other investment properties; and to become a major factor in real estate investment banking and in asset management for pension funds, corporations, and individual investors. In this latter category it now manages $300 mil. property assets for itself and others. GBE revenues are 66% commercial brokerage, 17% realty services, 13 residential brokerage, 4% other. Expansions into new geographic areas are a major part of GBE's growth strategy and it has acquired 12 firms in the past two years plus three in the first quarter. Acquisitions are made generally for a combination cash and stock, based upon realistic after-tax earnings, and GBE considers in each case it is buying good management to give it an entree into a new geographic market. Most acquisitions tie sellers in with earnouts over two-four years; since service businesses are being acquired, most have given rise to goodwill which amounted to $1.00/sh. at Mar. 31(and which RSR deducts in computing book value). GBE is investing heavily in computerized information, on both property markets and buyer/seller needs, which can be delivered via telecommunications to its brokers and managers, in the belief that the data processing revolution will forever change the way realty services are delivered.

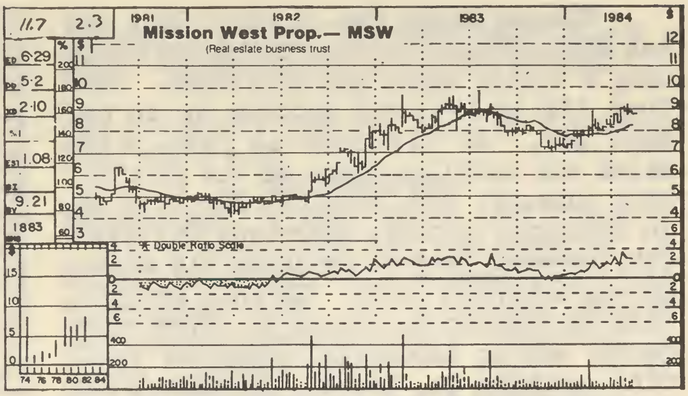
Finances: Debt of $12.2 mil. is a low 0.5 times net tangible book value, and most debt is $11.4 gross amount of 8.5% debentures assumed from GMR. Liquidity is good and GBE had $2.55/sh. cash and equivalents at March. During the qtr. it repurchased 613,000 sh. at

$7.875 sh. from an S&L which had bought shs. many years before. GBE has about $2.92/sh. unused tax benefits from GMR; use of these benefits lowered GBE's tax provision to 30% and 28% the past two years. GBE's price/earnings ratio has come down in recent months as market weakness and general uncertainty about near-term real estate activity combine to blunt some of the enthusiasm of a year ago (chart). Meantime GBE earnings keep rising and a first-ever dividend is possible. Although net tangible book is a skinny $2.74/sh., we favor adding to positions at or below $8 (NYSE).

Mission West Properties holds B Rank with a strong EPS showing, a dividend uptick, and conservative financing. MSW netted 66¢ sh. from operations in 1983 and taxloss benefits added 54¢ for $1.20 net, quadruple the 30¢ of 1982. Real estate sales fueled the increase as MSW sold a 39,600 sq. ft. San Diego office it had developed plus two foreclosed properties, a Des Moines motel and 59 acres in Texas. Sales at a San Diego condo continued and MSW now holds only two luxury units priced at $600-$850,000. The Feb. qtr. continued strong with 35¢ EPS being up 94%, including taxlosses. Payout was raised 20% to a 24¢ rate in May.

Operations: Old REIT assets are now down to tag ends and MSW is striking out as a developer near its San Diego base. Last year it bought and refurbished a 49,000 sq. ft. industrial building in San Diego and in Jan. bought 13.6 ac. in north San Diego for a 206,000 sq. ft. "high-tech flex" industrial complex; first buildings will be done this fall. And MSW is planning a multiuse complex on four acres in the heart of DelMar, a Pacific beachfront community north of San Diego, after winning a long foreclosure suit (which could be appealed). This raw land is booked at $4.25/sq. ft. and could be site of a sizeable project.

Outlook: At $8.75 (ASE), MSW sells at 17% discount to $10.51/sh. historic cost book value, which we believe understated. MSW has about $1.62/sh. unused taxloss benefits. Intermark, an ASE listed smaller conglomerate, owns 50% and controls. Despite this, we see shs. as both S-T and L-T buys.



Eastover Corp. also holds B Rank on earnings progress. Once a troubled REIT (First Commerce), EASTS has used all taxlosses and is spinning off all non-REIT assets so it may again requalify as a REIT; the spinoff will trade as Congress Street Properties, Inc. EASTS earned $3.01/sh. in 1983, including $2.17 gain on real estate sales, the total being up 23%. Pro forma the spinoff, EASTS would have netted $4.38/sh. including $1.60/sh. operating income with biggest benefit from eliminating income taxes. Book value would fall from $20.10/sh. to $12.96.

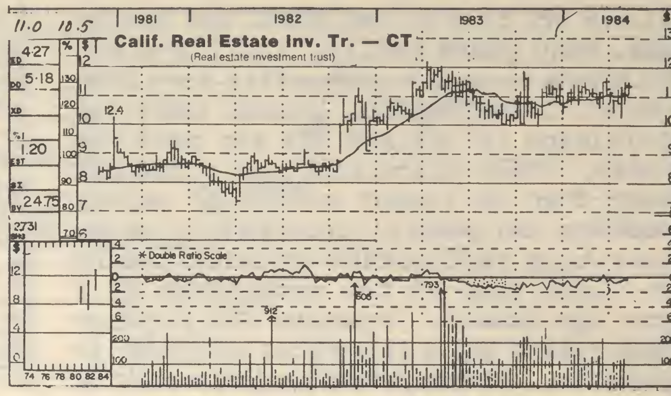
Assets: Pro forma the distribution, EASTS will hold $8.4 mil. mortgages and $13.8 mil. investment in 26.7% of EastGroup Properties, an ASE listed qualified REIT (see RSR, Mar. 23). Debt will be reduced to $4.9 mil. or 0.3 times equity. All other EASTS' properties and its holdings in non-REITs will go to Congress Street. These $10.1 mil. holdings include 28.8% of Parkway Co., 13.7% of Citizens Growth Props., 7.1% of National Mtg., 5.4% of Rockwood Natl., and below 5% of First Carolina Investors and First Southern Fed. S&L.

Outlook: EASTS has been the hub of the $200 mil. realty empire assembled by investors Leland Speed and Brent Baird; the split likely means that EASTS will be less crucial but still important in the group's forward thrust. Early in 1984 EASTS and other group members agreed to acquire 24.9% of Depositors Federal Savings, a $250 mil. Mississippi thrift, and EASTS expects thrifts to become more important. The split also means that EASTS holders can expect a dividend uptick. Withal we list EASTS shs. as holds/buys for longer-term.

Tierco Group Inc. holds C Rank and has encountered more problems in becoming a realty owner and developer. TIER lost 12¢ in 1983 and another 4¢ in the Mar. qtr. No dividend is paid. Slow sales and carrying costs of its partnership interest (25% general, 20% limited) in Sycamore Square, downtown Oklahoma City renewal project building 118 condos (price $100,000) hurt. Ex this project, TIER is making progress in other projects, adding industrial space at Earth City outside St. Louis, upgrading and expanding office holdings in Oklahoma City, and operating its Frontier City amusement park there which contains 31 expansion acres. TIER debt of $7.4 mil. is a low 0.3 times equity but it guarantees $2.8 mil. of Sycamore Square construction loan and has some commitments to advance funds to various partnerships. At $4.88 (OTC) TIER sells at 55% discount to $10.79/sh. book value. About half of stock is held by New York investors headed by Gellert family. We see shs. as long-term hold or more speculative recovery buy.

RANKING REVIEWS: OLD DOMINION, CAL REIT, PRESIDENTIAL RL. AND LANDMARK HOLD RANKS

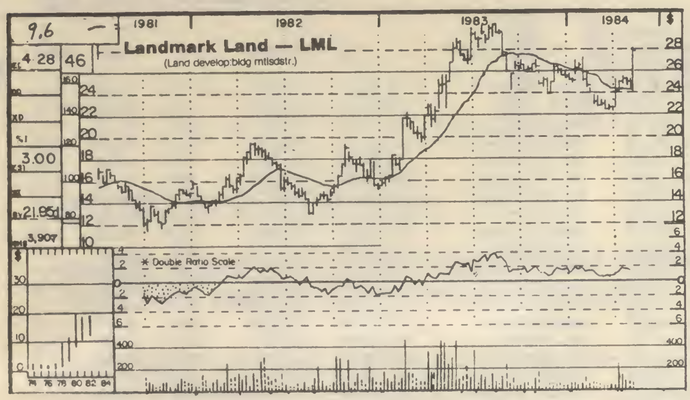
Old Dominion REIT holds A Rank by continuing its strong growth. Operating cash flow rose 18% to 81¢ sh., above the 15.2% annual gain the past five years. Dividends rose 16% to an 80¢ rate, in line with historic performance. ODRES concentrates on buying properties needing aggressive, creative management and has been able to obtain outstanding results. When full potential is gained, properties are sold and funds reinvested. Once located only in Va., ODRES bought its first properties in N. Car. in Jan. by acquiring most assets of Piedmont REIT (in a transaction in which RSR's investment banking affiliate Campbell & Dillmeier, assisted ODRES). In May it bought another 243 DU apartment in Charlotte and now owns 1,382 apartments (of which 36% are in Charlotte). Investments at book value are 59% apartments, 31% shopping centers with 373,000 sq. ft., and 9% industrial with 285,000 sq. ft. Debt of $18.9 mil. is nearly all non-recourse mortgages on property and is 2.4 times book value at cost. Two



European investors bought a 28% stake in Jan. from two U.S. investors plus 64,167 shs. in a private placement. At 10 bid (OTC) we continue to list shs. as long-term growth buys.

California REIT holds B Rank on a modest EPS gain and conservative financing. CT earned $1.03/sh. in 1983, up 3%, with 45¢ coming on property sale gains. Dividend has been upped to $1.20 annual rate. The large component of sale gains is outgrowth of CT's strategy of selling older net leased properties to reinvest in multi-tenanted properties with more growth potential. During 1983 CT bought 28,300 sq. ft. Park Saratoga Shopping Center, Saratoga, Cal. for $4.2 mil.; 63.5% interest in 250-DU Prestonwood Trails in Dallas for $3.4 mil; and invested $4.6 mil. in four 10-year convertible second mortgages on four office/warehouse buildings with 99,700 sq. ft. in Sunnyvale/Santa Clara, Cal. The latter two carry 10% initial yields rising to 15% or more over 7-10 years. Net equity in properties is 35% apartments, 24% office/warehouse, 18% commercial/retail; 11% shopping center; 7% medical. Finances are conservative with $6.26 mil. debt and direct financing leases being 0.4 times equity. Current value: An independent appraisal put CT current value at $12.89/sh., down 15% largely because CT sold 825,000 shs. at $11.25. At $11.13 (ASE) shs. are buys for results of investment in new realty.

Presidential Realty Corp., a REIT, keeps C Rank with strong EPS and dividend showings. PDL earned $1.70/sh. in 1983 ($1.61 diluted) and more than doubled the dividend to 64¢ annual rate.



Net included 73¢ gains on property sales. PDL owns or holds mortgages on 6,959 apartments, 807,000 sq. ft. of office, commercial or industrial space, plus a golf club and 83 acres of land. Notes and mortgages receivable from property sales are carried at about 30% of $25.4 mil. face because of interest discounts and deferrals. PDL also lends to Ivy Properties Ltd., New York apartment converter, for conversion of New York City area apartments; these loans carry current plus contingent interest. We class PDL as a cash flow entity and add back depreciation to book value in RSR statistics. Two classes of PDL stock trade, an A stock electing two-thirds of the board (which is mainly held by the controlling Shapiro family) and B stock identical in all other respects. Shs. are L-T buys/holds.

Landmark Land Co. holds C Rank with a 356% EPS gain. A developer of long-term, luxury communities, LML acquired Dixie S&L in 1982 and now operates as a combined financial services and development company. LML earned $2.54/sh. in 1983 and Mar. qtr. EPS of $1.04/sh. soared 447%. LML's development unit technically is a subsidiary of Dixie, so has more freedom in financing LML's developments. Because the acquisition gave rise to large goodwill, RSR deducts $33.45/sh. intangibles in computing book value; the offset is that cash flow is enhanced. Major communities are LaQuinta hotel and adjacent residential land, Palm Springs; Carmel (Cal.) Valley Ranch, Oak Tree Country Club, Oklahoma City. Management is strong and new communities have high value added; Buy both S-T and L-T at $27.38 (ASE).

NEW HIGHS & LOWS: NEW LOWS DROP AGAIN TO 15 WHILE NEW HIGHS DOUBLE TO EIGHT

New 52-week highs and lows by category thru May 9 are:

NEW HIGHS (8)

Gr.1&2-Prop. & Comb. REITs (3): Cleve-Trust, First Union RE, JMB Realty.
Gr.4&5-Bldrs/Dev. (1): Parkway Co.
Gr.6-Income Prop. (1): Southwest Rlty.
Gr.8-Diversified (2): First Carolina Inv., Newhall Land.
Gr.10-Liquidating (1): Ala Moana Haw.

NEW LOWS (15)

Gr.1-Prop.REIT (2): HMG Props., REI Prop.
Gr.2-Comb.REIT (1): Cenvill Inv.
Gr.3-Mtg. REITs (1):MONY Mtg.
Gr.4&5-Bldrs/Dev. (7): Campanelli, Hovnanian, Lennar, Leis. + Tech., Lifetime Comm., Punta Gorda, U.S. Capital.
Gr.6-Prop. Owners (0):
Gr.7-Mtg.Bank (0):
Gr.8-Diversified (1): Kaufman & Broad.
Gr.10-Mfg.Hsg. (3): Fleetwood, Natl. Homes, Zimmer.

APPRAISED ASSET VALUE COMPARISONS

QUALIFIED REITS	DATE	APPRAISED VALUE/ SHARE	% PRICE TO APP. VALUE
AM EQUITY INV #	12/83	$25.76	-16.5%
BANKAMER RLTY	7/83	$28.50a	-7.4%
CALIFORNIA REI#	12/83	$12.89	-13.7%
CLEVETRUST RLTY	9/83	$24.00b	-31.3%
COMMONWLTH RLT#	11/82	$17.00	-42.6%
FIRST UNION RE#	12/83	$32.40	-23.6%
INTL INCOME PR#	12/83	$11.79	-21.5%
IRT PROPRTY CO#	12/83	$24.50b	-22.4%
JMB REALTY	8/83	$38.68	-10.8%
MORTGAGE GROWTH	11/83	$18.25b	-17.1%
NEW PLAN RL TR#	7/83	$13.85	-17.0%
PROPTY TR AMER#	12/83	$18.50b	-25.7%
REIT AMER INC #	10/83	$58.03	-39.7%
SANTA ANITA	12/83	$23.98	-3.0%
UNIVERSITY RE	12/82	$9.00	-44.4%
USP RL EST INV#	12/83	$15.57	-34.9%
WASH RE (WRIT)#	12/83	$26.50b	-28.8%
WELLS FARGO M&E	6/83	$29.64a	-13.1%
AVERAGE			-22.9%
OPERATING COMPANIES			
BAY FINCL CORP	5/83	$25.92	-19.9%
CARLSBERG CORP	5/83	$18.78	-61.4%
KOGER CO #	12/83	$23.53	6.2%
ROUSE CO #	12/83	$40.13	-15.9%
SAUL (BF) REIT	9/83	$20.42	-28.4%
SOUTHWEST RLTY#	12/83	$23.62	-34.4%
AVERAGE			-25.5%

Appraised market values of net assets (i.e., properties held) are either reported publicly by companies or estimated by RSR (see note b). Values are estimated by management and concurred in by independent appraisers except for: Koger Co. values set by independent appraisers; New Plan Realty, management estimate only. Share values are fully diluted.
a-Entity has not revalued mortgages.
b-Estimated by RSR; not confirmed by Trust or Co.

CONVERTIBLE DEBENTURES

DEBENTURE	EX	INT (%)	MAT	MIL $ OUT	CONV AT	SH(000) RESERVD	RECENT PRICE	YIELD (%)	CONV PARITY	STOCK PRICE
AMER CENTY'B	NY	6.75	'91	9.81	16.72	586	72.00	9.4	12.03	9.50
ATL METRO	OC	6.75	'91F	7.33	6.79	1079	54.00	12.5	3.66	1.25
BANKAMER RLT	NY	9.50	'00	3.50	17.44	201	143.00	6.6	24.93	26.38
BANKAMER RLY	NY	9.50	'08	50.00	31.00	1612	96.00	9.9	29.76	26.38
CENTENNIAL	OC	7.00	'86	2.09	16.67	125	76.00	9.2	12.66	1.25
CENTENNIAL*	OC	7.00	'86	2.09	16.67	125	76.00	9.2	12.66	2.00
FED NATL MTG	NY	4.37	'96	27.60	19.63	1406	83.00	5.3	16.29	15.25
FIRST UNION	NY	10.00	'06	25.29	17.33	1459	125.00	8.0	21.66	24.75
FLA GULF	OC	10.75	'01	14.95	11.00	1359	122.00	8.8	13.42	13.75
KOGER PROPS	NY	9.25	'03	20.00	29.75	672	89.25	10.4	26.55	25.00
LOM&NET FIN	NY	9.75	'08	109.35	24.25	4509	106.50	9.2	25.82	22.25
MASSMUTL M&R	NY	7.00	'00	6.76	20.00	338	81.00	8.6	16.20	16.75
MASSMUTL MTG	NY	6.75	'90	3.26	21.00	155	85.00	7.9	17.85	16.75
MASSMUTUAL M	NY	6.25	'91	6.00	33.50	179	69.50	9.0	23.28	16.75
MONY MTG IN	NY	7.00	'90	4.91	11.00	447	78.00	9.0	8.58	7.50
NEW PLAN RLY	AS	9.75	'98	25.00	12.00	2083	107.00	9.1	12.84	11.50
PENN REIT	AS	9.75	'03	35.00	25.50	1372	110.00	8.9	28.05	27.00
PNB MTG	AS	6.75	'91	3.06	18.31	167	75.50	8.9	13.82	13.38
PROPERTY CAP	OC	9.75	'08	40.00	38.00	1052	95.00	10.3	36.10	33.63
PULTE HOME	AS	8.50	'08	59.99	23.75	2525	85.13	10.0	20.21	14.50
PUNTA GORDA	AS	6.00	'92	14.00	19.50	717	62.00	9.7	12.09	8.13
REALTY INCOM	AS	8.00	'91	12.02	16.50	728	73.50	10.9	12.12	7.00
REIT AMER	AS	8.00	'93	50.12	50.00	1002	80.00	10.0	40.00	35.00
RYAN HOMES	AS	6.00	'91	6.25	30.50	205	97.50	6.2	29.73	22.13
SAUL (BF) RL	OC	6.50	'91	23.24	23.00	1010	73.00	8.9	16.79	14.63
TRECO INC	OC	8.50	'98	4.33	1.62	2674	185.00	4.6	2.99	3.00
TRI-SO INV	NY	7.00	'92F	5.81	29.50	197	65.13	10.7	19.21	5.88
US HOME	NY	5.50	'96	4.72	11.98	393	91.00	6.0	10.90	8.13
WASh CORP	OC	6.50	'91	11.56	23.28	496	56.00	11.6	13.03	2.63
WELLS FARGO	NY	12.00	'05	27.89	25.03	1114	109.50	11.0	27.40	25.75

CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY DEBENTURE PRICE. VJ=IN BANKRUPTCY REORGANIZATION. DEF=IN DEFAULT. F=TRADES FLAT, WITHOUT ACCRUED INTEREST. PH=PHILADELPHIA EXCHANGE. PS=PACIFIC EXCHANGE. *-CONVERTS INTO PREFERRED SHARES.

STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MATURITY	MIL $	PRICE	% YIELD
AMER CONTNL-A	OC	10.75	8/1/90	125.0	80.88	13.3
AMER PAC-B	PS	16.25	9/30/94	4.4	94.00	17.3
BAY COLONY PROP-B	PS	8.50	3/15/89	13.3	80.50	10.6
CAMPANELLI-B	AS	12.88	7/1/94	14.5	81.00	15.9
DEV CP AM-C	AS	10.00	3/1/93	5.3	74.00	13.5
DEV CP AMER-C	AS	12.00	7/31/94	9.2	74.63	16.1
FAIRFIELD-C	AS	15.13	2/15/97	20.0	100.00	15.1
FPA CORP-C	AS	14.50	9/1/00	25.0	95.63	15.2
GRUBB & ELL-B	PS	8.50	12/3/87	11.4	84.00	10.1
GULFSTREAM-A	AS	14.25	6/15/95	30.0	100.00	14.3
INST INVESTOR-B	OC	8.25	2/1/87	4.8	79.00	10.4
INTEGRATED-B	AS	12.88	5/15/99	15.4	86.50	14.9
INTEGRTD RES-B	NY	8.63	4/15/97	85.0	64.88	13.3
KAUFMN&BRD-C	NY	12.25	1/15/99	33.4	82.50	14.8
MDC CORP-C	OC	7.00	4/15/93	64.0	63.00	11.1
MSA REALTY-C	AS	9.25	4/1/93	75.0	99.00	9.3
ORIOLE HOME-A	AS	12.63	6/1/97	20.0	93.75	13.5
ORIOLE HOME-C	AS	12.88	7/15/00	25.0	87.00	14.8
REALTY REFUND-A	NY	11.38	11/1/98	20.0	78.00	14.6
REALTY REFUND-C	NY	12.00	5/15/98	15.0	82.00	14.6
SMI INVSTR-A	AS	14.00	11/1/87	9.9	98.50	14.2
TRECO-C	OC	6.75	9/1/91	5.3	54.00	12.5
US HOME	NY	10.00	8/15/87	33.7	87.88	11.4
US HOME-A	NY	12.75	1/15/89	49.5	98.00	13.0

DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. VJ-BANKRUPTCY REORGANIZATION. DEF-IN DEFAULT. F-TRADES FLAT, WITHOUT ACCRUED INTEREST.

REALTY STOCK GROUP ACTION SUMMARY

GROUP NUMBER & NAME	DIV	NON-DIV	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV	EARN ANN	LAST PRICE	-% CHNG FROM-- APR 24	JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
1 PROPERTY REITS	33	1	34	3442	12.26	1.33	1.09	18.61	1.1	3.9	17.0	7.2	51.8	8.9	2240.7
2 PROP & MTG COMB REITS	10	1	11	3889	13.92	1.63	2.21	18.47	0.7	1.6	8.4	8.8	32.7	15.8	863.5
3 MORTGAGE REITS	14	2	16	4663	16.00	1.73	1.79	16.01	-1.0	-5.9	8.9	10.8	0.0	11.2	1305.9
4 MAJOR HOMEBUILDERS	8	3	11	12868	15.80	0.29	2.12	17.83	4.6	-20.7	8.4	1.6	12.9	13.4	2031.0
5 OTHER BLDRS/DEVELOPERS	8	28	36	4776	6.57	0.06	0.41	8.20	0.9	-7.5	19.9	0.8	24.8	6.3	1359.6
6 INCOME PROP BLDR/OWNR	11	15	26	8800	8.60	0.34	1.00	11.40	2.6	1.7	11.4	3.0	32.6	11.6	1596.5
7 MORTGAGE BANKER/FINANCE	7	6	13	10979	6.72	0.21	1.20	9.72	3.6	-11.9	8.1	2.2	44.8	17.8	1852.1
8 DIVERSFIED RLTY&HOLDING	8	11	19	9830	5.63	0.14	1.23	12.09	4.4	7.2	9.8	1.2	114.6	21.9	1481.0
9 RLTY SVCS/SYNDICATOR	4	4	8	5924	6.57	0.08	1.22	10.39	2.6	-13.1	8.5	0.7	58.2	18.5	528.4
10 MANUFACTURED HOUSING	4	4	8	13152	5.11	0.15	0.67	9.39	3.3	-23.7	14.0	1.6	83.9	13.1	1012.8
L LIQUIDATING COS			3	6350	6.16	3.21	1.80	33.88	4.6	0.0	18.8	9.5	449.9	29.3	205.1
OVERALL AVERAGE			185	6916	9.60	0.61	1.14	13.15	1.8	-3.9	11.5	4.7	37.0	11.9	14476.6
DOW JONES INDUSTRIALS							72.45	1176.30	1.2	-6.5	16.2	4.8			

NOTE: LIQUIDATING COMPANIES INCLUDED ONLY IN COMPANY AND MARKET VALUE AGGREGATES; NOT INCLUDED IN OVERALL AVERAGES.

REALTY STOCK RANKINGS

REALTY STOCK REVIEW has developed its exclusive Rankings of real estate stocks to indicate relative quality of historic track record for investors. Rankings from "A" to "E", shown in the third column from left in the statistical tables above, are assigned based upon our analysis of five-year earnings and dividend trends, financial strength and liquidity, and management record. Being historical, Rankings are not based upon current price and thus are not intended as recommendations.

An asterisk (*) denotes stocks which cannot be ranked because of insufficient (generally less than two years) operating history in present form or incomplete data. (Z) denotes entities which currently retain Audit or its investment banking affiliate, Campbell & Dillmeier, for specific assignments; and entities for which we are acting as non-retainer intermediary for a publicly announced proposed transaction during the transaction's pendency. (L) denotes liquidating entities, which are not ranked. Rankings and Buy-Sell-Hold advices given without regard to whether the entity subscribes to RSR. Stock prices of REITs tend to be less volatile than stocks of operating companies, hence generally are better suited for longer-term.

BUY - SELL - HOLD ADVICES

Buy - Sell - Hold advices are summarized in the first two left-hand columns in the statistical tables, as "B" = Buy; "H" = Hold; "S" = Sell or Avoid. When two advices are combined (e.g., "B/H"), accent is upon the first advice. Advices are reviewed each issue and advice changes are underlined. Advices are classed as Short-Term ("S/T") for holding less than one year; and Long-Term ("L/T") for one to three years. No advices are given during pendency of a proposed equity-type security offering, or during pendency of an assignment involving Audit or its investment banking affiliate (see "Z" left). Advices are given for most widely held and active stocks, but we cannot advise at all times on thinner, less active stocks. No advices are given for convertibles, warrants or preferreds, which depend upon underlying common.

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